

Issued August 27, 1940.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATIONINSTRUCTIONS AND PROCEDURE FOR COUNTY COMMITTEES
PERTAINING TO THE 1940 COTTON LOAN PROGRAM

The Agricultural Adjustment Act of 1938, as amended, provides that the Commodity Credit Corporation is authorized, upon recommendation of the Secretary and with the approval of the President, to make available loans on cotton. The Act also provides that the services, facilities, and personnel of the United States Department of Agriculture may be used in the administration of the cotton loan provisions. This includes the services of the State and County Agricultural Conservation Committees. It is important that these committeemen become fully familiar as early as possible with the "1940 Instructions Concerning the Making of Loans by Commodity Credit Corporation to Cotton Producers" (C.C.C. Cotton Form 1, Instructions 1940-41, issued by Commodity Credit Corporation) and the requirements and procedure pertaining to these loans.

Section 1. Persons Eligible.

(a) Any person, partnership, association, or corporation producing cotton in 1940 in his capacity of landowner, landlord, tenant, or sharecropper may obtain a loan up to the full amount of his eligible cotton.

(b) If a share tenant or sharecropper has an interest jointly with a landlord, cash tenant, or standing rent tenant, in cotton produced on a farm, such cotton may be placed under the loan in the name of the landlord, cash tenant, or standing rent tenant. In such cases the landlord, cash tenant, or standing rent tenant agrees, upon signing the "Producer's Note and Loan Agreement" (C.C.C. Cotton Form A(1940-41)) (hereinafter referred to as Form A), that the share tenants and sharecroppers will receive their pro rata shares of the proceeds of the loan and any additional proceeds from the cotton.

(c) If the cotton produced on a farm has been divided among the producers on the farm, the landlord, tenants, and sharecroppers may each obtain a loan on his separate share, or two or more such producers may obtain a loan jointly as provided in section 6 of these instructions.

Section 2. Eligible Cotton.

(a) Cotton to be eligible for a loan must have been produced in 1940 by or for a person eligible for a loan. The person obtaining a loan must be the owner of the cotton (except in cases where such person is a landlord, cash tenant, or standing rent tenant and is placing under loan cotton in which both he and a share tenant have an

interest) and have the legal right to pledge the same. The beneficial title to the cotton must be, and must always have been, in the person obtaining the loan or in such person and any share tenant or sharecropper having a share in the cotton or its proceeds in case such person is a landlord, cash tenant, or standing rent tenant and is placing under loan cotton in which both he and a share tenant or sharecropper have an interest. The benefits of the loan must accrue solely to the person obtaining the loan and any tenant or sharecropper having an interest in the cotton or its proceeds and must not have been assigned or transferred to any other party by way of assignment, sale or option. The cotton must be free and clear of all liens and encumbrances. Cotton covered by a single Form A must have been produced on a single farm. Cotton produced on two or more farms cannot be included in the same Form A. A cooperator shall be entitled to obtain a loan at the rates specified in the instructions (C.C.C. Cotton Form 1 (1940-41)) on the full amount of his cotton produced by or for him in 1940. A noncooperator shall be entitled to obtain a loan at rates not in excess of 60 per centum of the rates applicable to cooperators on only that amount of cotton produced by or for him in 1940 which is in excess of his share of the normal or actual production, whichever is the greater, of the farm cotton acreage allotment established for 1940 under the provisions of the Agricultural Adjustment Act of 1938, as amended.

(b) A cooperator is a producer who has not knowingly planted or caused to be planted during 1940 cotton on land in any farm in which he has an interest in excess of the cotton acreage allotment established for 1940 for the farm pursuant to Section 344 of the Agricultural Adjustment Act of 1938, as amended.

(c) A noncooperator is a producer who has knowingly planted or caused to be planted during 1940 cotton on land in any farm in which he has an interest in excess of the cotton acreage allotment established for 1940 for the farm pursuant to Section 344 of the Agricultural Adjustment Act of 1938, as amended.

(d) In determining whether or not a producer is a cooperator or a noncooperator, the provisions of section 10(e) of ACP-1940, "1940 Agricultural Conservation Program Bulletin," and any instructions issued with regard thereto shall apply.

Section 3. Producers Receiving White Marketing Cards.

Any producer to whom a white marketing card (form Cotton 411) not marked "Penalty Secured" or "One Thousand Pounds" was issued shall be deemed to be a cooperator and may obtain a loan on cotton produced by or for him in 1940, without obtaining the approval of the County Agricultural Conservation Committee (hereinafter referred to as the County Committee), and the white marketing card issued to him shall be sufficient evidence that such producer is a cooperator.

Section 4. Producers Receiving White Marketing Cards (Forms Cotton 411) Marked "Penalty Secured" or "One Thousand Pounds" or

Red Marketing Cards (Forms Cotton 412) or No Marketing Cards.

(a) Any producer who received a white marketing card (form Cotton 411) marked "Penalty Secured" or "One Thousand Pounds" or a red marketing card (form Cotton 412) or no marketing card shall, if he is a cooperator, be eligible to obtain a loan on all cotton produced by or for him in 1940 or, if he is a noncooperator, shall be eligible to obtain a loan only on that amount of cotton produced by or for him in 1940 which is in excess of his share of the normal or actual production, whichever is the greater, of the farm cotton acreage allotment established for 1940. As evidence of such producer's eligibility, paragraph A or paragraph B, whichever is applicable, of the "Certificate of County Agricultural Conservation Committee," (hereinafter referred to as the Certificate of the County Committee) contained in the Form A must be executed by a member or the secretary or the treasurer of the County Committee of the county in which the farm on which the cotton was produced is located. Before executing a Form A, any such producer may ascertain from the County Committee whether he is a cooperator or a noncooperator. Upon request of any such producer the County Committee shall forthwith determine whether such producer is a cooperator or a noncooperator within the county.

(b) A lending agency will not accept a Form A executed by any producer to whom a white marketing card (form Cotton 411) marked "Penalty Secured" or "One Thousand Pounds," or a red marketing card (form Cotton 412) or no marketing card was issued unless paragraph A or paragraph B of the Certificate of the County Committee of such Form A is executed for the County Committee. No lending agency will accept a Form A executed by a producer on the basis of a blue marketing card (form Cotton 414) issued to such producer nor shall such Form A be approved for the County Committee because of the blue card, since such card was not issued with respect to cotton produced in 1940.

(c) If the County Committee finds that the producer is a cooperator, a member or the secretary or the treasurer of the committee acting for the committee shall sign Form A in the space provided in paragraph A of the Certificate of the County Committee.

(d) If the County Committee finds that the producer is a noncooperator, it shall determine with respect to each farm in the county in which the producer has an interest the amount of cotton produced in 1940 which is eligible for a loan. This amount of cotton is the excess of such producer's share of the cotton produced on the farm in 1940 over such producer's share of the final farm marketing quota as finally determined for the farm for 1940 less any carry-over cotton on hand which, if marketed, would not be subject to penalty. This amount of cotton for each farm will be obtained, in case form Cotton 450 is executed for the farm, by subtracting the entry for such producer in column 4 from the entry in column 27 or column 28 if executed for such producer and deducting this result from the entry in column 17 (or, if form Cotton

450-A is executed for the farm, by subtracting the entry in column 4 for the producer from the entry in column 15 for such producer and deducting this result from the producer's share of the cotton produced on the farm in 1940). If the committee has determined that the total amount of cotton which is eligible for a loan to the producer in connection with a farm has been correctly reflected by entries on form Cotton 450 or 450-A, a member or the secretary or the treasurer of the committee shall:

- (1) Examine the records of the office of the secretary of the committee to ascertain the amount of cotton in connection with the farm which was previously certified for the producer as eligible for a loan on Form A;

- (2) Deduct the amount of cotton previously certified for the producer as eligible for a loan from the total amount of cotton eligible for a loan in connection with the farm; and

- (3) Execute paragraph B of the Certificate of the County Committee, provided only that the total net weight of the cotton shown in the "Schedule of Warehouse Receipts" contained in the Form A does not exceed the amount obtained by deducting cotton previously certified for the producer as eligible for a loan in connection with the farm from the total amount of such producer's eligible cotton.

Section 5. Direct Loans.

In case a producer desires to obtain a loan direct from the Commodity Credit Corporation rather than from a local lending agency (for definition of lending agency see section 1(d) of C.C.C. Cotton Form 1, Instructions 1940-41)), the Form A executed by the producer must be approved by the County Committee, whether he is a cooperator or a noncooperator. The committee's approval is to be indicated, as in section 4 hereof, by a member or the secretary or the treasurer of the committee executing paragraph A or paragraph B, whichever is applicable, of the Certificate of the County Committee.

Section 6. Joint Loans.

Two or more producers on the same farm may execute loan forms jointly provided that all such producers are cooperators or all such producers are noncooperators. A cooperator and a noncooperator may not execute loan forms jointly.

- (1) Where the producers executing loan forms jointly are cooperators and one of such producers was issued a white marketing card (form Cotton 411) marked

"Penalty Secured" or "One Thousand Pounds" or a red marketing card (form Cotton 412) or no marketing card, it will be necessary for the Form A executed by such producers to be approved as provided in section 4 (c) hereof.

(2) Where the producers executing the loan forms jointly are noncooperators it will be necessary for the Form A executed by such producers to be approved as provided in section 4 (d) hereof, which approval shall be made only after the amount of eligible cotton has been determined for each producer in connection with the farm. In no event shall a noncooperator obtain a loan on more than his individual share of the eligible cotton.

Section 7. Landlords of Standing or Fixed-rent Tenants.

Any person receiving cotton in payment of standing or fixed-rent in 1940, who is not also engaged in producing cotton in 1940, as an owner-operator, share tenant, or sharecropper, shall not be entitled to obtain a loan. If any such person is also engaged in producing cotton in 1940 as an owner-operator, share tenant, or sharecropper, he shall, if he is a cooperator, be entitled to obtain loans on all cotton produced by or for him in 1940, but not including cotton acquired by him in payment of standing or fixed rent, or, if he is a noncooperator, he shall be entitled to obtain loans on only that amount of cotton produced by or for him in 1940 which is in excess of his share of the normal or actual production, whichever is the greater, of the farm cotton acreage allotment.

Section 8. Records.

It shall be the duty of the County Committee to cause to be maintained in the office of the secretary of the committee a record of loans approved by the committee as provided in these instructions.

(1) For each producer who is a noncooperator, such record shall contain the following with respect to each farm in the county in which the producer has an interest:

- (i) The name and address of the producer.
- (ii) The serial number of the farm.
- (iii) The amount of the producer's cotton eligible for a loan. (If a share tenant or a sharecropper has an interest in the cotton placed under loan in the name of the landlord, cash tenant, or standing rent tenant, the record must show separately the amount of each such person's eligible cotton.)
- (iv) The amount of cotton pledged as security for each Form A. (If a share tenant or a sharecropper has an interest in cotton placed under the loan in the

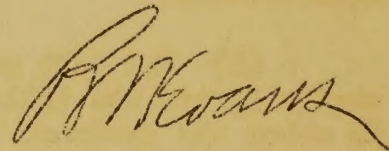
name of the landlord, cash tenant, or standing rent tenant, the record must show separately the share of each such person in the pledged cotton.)

(2) For each producer who is a cooperator, such record shall contain the following with respect to each farm in the county in which the producer has an interest:

- (i) The name and address of the producer.
- (ii) The serial number of the farm.
- (iii) The producer's share in the cotton produced on the farm in 1940. (If a share tenant or a sharecropper has an interest in cotton placed under the loan in the name of the landlord, cash tenant, or standing rent tenant, the record must show separately the share of each such person in the cotton produced on the farm in 1940.)
- (iv) The amount of cotton pledged as security for each Form A. (If a share tenant or a sharecropper has an interest in the cotton placed under the loan in the name of the landlord, cash tenant, or standing rent tenant, the record must show separately the share of each such person in the pledged cotton.)

Section 9. Meaning of Terms.

As used in these instructions, the terms "landlord", "owner", "tenant", "operator", "sharecropper", etc., shall have the same meaning as accorded to such terms in connection with the 1940 Agricultural Conservation Program.



Administrator, A.A.A.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

INSTRUCTIONS AND PROCEDURE FOR COUNTY COMMITTEES
PERTAINING TO THE 1940 COTTON LOAN PROGRAM

40-Cotton Loan 1 is hereby amended as follows:

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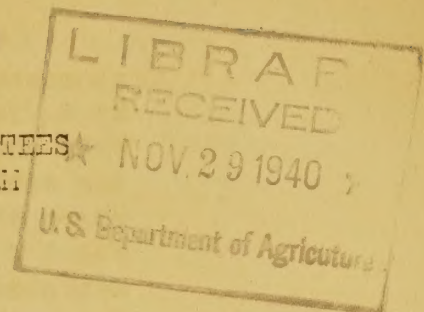
Section 2, subsection (a) is amended by deleting the following sentence:

"Cotton produced on two or more farms cannot be included in the same Form A."

II

Section 4, subsection (a) is amended to read as follows:

"(a) Any producer who received a white marketing card (form Cotton 411) marked "Penalty Secured" or "One Thousand Pounds" or a red marketing card (form Cotton 412) or no marketing card shall, if he is a cooperator, be eligible to obtain a loan on all cotton produced by or for him in 1940 or, if he is a noncooperator, shall be eligible to obtain a loan only on that amount of cotton produced by or for him in 1940 which is in excess of his share of the normal or actual production, whichever is the greater, of the farm cotton acreage allotment established for 1940. As evidence of such producer's eligibility, paragraph A or paragraph B, whichever is applicable, of the "Certificate of County Agricultural Conservation Committee," (hereinafter referred to as the Certificate of the County Committee) contained in the Form A must be executed by a member or the secretary or the treasurer of the County Committee of the county in which the producer was engaged in cotton production in 1940. If the cotton was produced on two or more farms the serial number of all such farms shall be entered in the space provided in the applicable paragraph of the Certificate of the County Committee contained in the Form A. Before executing a Form A, any such producer may ascertain from the County Committee whether he is a cooperator or a noncooperator. Upon request of any such producer the County Committee shall forthwith determine whether such producer is a cooperator or a noncooperator within the county. If it is known that a producer engaged in cotton production in 1940 in two or more counties is a noncooperator in any of the counties, he shall be deemed to be a noncooperator in each of the other counties.



Section 4, subsection (d) is amended to read as follows:

"(d) If the County Committee finds that the producer is a noncooperator, it shall determine the amount of cotton produced by or for him in the county in 1940 which is eligible for a loan. This amount of cotton is the excess of such producer's share of the cotton produced on the farm in 1940 over such producer's share of the final farm marketing quota as finally determined for the farm for 1940 less any carryover cotton on hand which, if marketed, would not be subject to penalty. This amount of cotton for each farm will be obtained, in case form Cotton 450 is executed for the farm, by subtracting the entry for such producer in column 4 from the entry in column 27 or column 28, if executed, for such producer and deducting this result from the entry in column 17 (or, if form Cotton 450-A is executed for the farm, by subtracting the entry in column 4 for the producer from the entry in column 15 for such producer and deducting this result from the producer's share of the cotton produced on the farm in 1940). If the producer has an interest in two or more farms in the county, his eligible cotton shall be the sum of his shares of the eligible cotton produced on such farms. If the committee has determined that the total amount of cotton which is eligible for a loan to the producer has been correctly reflected by entries on form Cotton 450 or 450-A, a member or the secretary or the treasurer of the committee shall:

"(1) Examine the records of the office of the secretary of the committee to ascertain the amount of cotton which was previously certified for the producer as eligible for a loan on Form A;

"(2) Deduct the amount of cotton previously certified for the producer as eligible for a loan from the total amount of cotton eligible for a loan; and

"(3) Execute paragraph B of the Certificate of the County Committee, provided only that the total net weight of the cotton shown in the "Schedule of Warehouse Receipts" contained in the Form A does not exceed the amount obtained by deducting cotton previously certified for the producer as eligible for a loan from the total amount of such producer's eligible cotton."

IV

The first sentence of section 6 is amended to read as follows:

"Two or more producers may execute loan forms jointly provided that all such producers are cooperators or all such producers are noncooperators. A cooperator and a noncooperator may not execute loan forms jointly."

V

The first sentence of subparagraph (2) of section 6 is amended to read as follows:

"(2) Where the producers executing the loan forms jointly are noncooperators it will be necessary for the Form A executed by such producers to be approved as provided in section 4(d) hereof, which approval shall be made only after the amount of eligible cotton has been determined for each producer."

VI

Subparagraph (1) and (2) of section 8 are amended to read as follows:

"(1) For each producer who is a noncooperator, such record shall contain the following:

(i) The name and address of the producer.

(ii) The amount of the producer's cotton eligible for a loan. (If a share tenant or a sharecropper has an interest in the cotton placed under loan in the name of the landlord, cash tenant, or standing rent tenant, the record must show separately the amount of each such person's eligible cotton.)

(iii) The amount of cotton pledged as security for each Form A. (If a share tenant or a sharecropper has an interest in cotton placed under the loan in the name of the landlord, cash tenant, or standing rent tenant, the record must show separately the share of each such person in the pledged cotton.)

"(2) For each producer who is a cooperator, such record shall contain the following:

(i) The name and address of the producer.

(ii) The amount of cotton pledged as security for each Form A. (If a share tenant or a sharecropper has an interest in the cotton placed under the loan in the name of the landlord, cash tenant, or standing rent tenant, the record must show separately the share of each such person in the pledged cotton.)"

N. E. Todd

Acting Administrator

The first sentence of subsection (2) of section 6 is amended to read as follows:

"(2) Where the documents respecting the loan have been submitted to the committee it will be necessary for the loan to be approved by such committee as is provided in section 4(1). However, where the committee shall be made only after the amount of eligible action has been determined for each project."

VI

Subsections (1) and (2) of section 5 are amended to read as follows:

"(1) For each subsection 5 is a subcommittee, each of which shall contain the following:

(i) The name and address of the members;

(ii) The amount of the committee's action eligible for a loan. (If a loan is made at a subcommittee level, no interest in the action shall be taken in the name of the subcommittee, but interest, or a portion thereof, shall be taken in the name of the committee, and the amount of such interest shall be determined by the committee.)

(iii) The amount of action eligible as security for each loan. (If a loan is made at a subcommittee level, no interest in the action shall be taken in the name of the subcommittee, but interest, or a portion thereof, shall be taken in the name of the committee, and the amount of such interest shall be determined by the committee.)

"(2) For each subsection 5 is a subcommittee, each of which shall contain the following:

(i) The name and address of the members;

(ii) The amount of action eligible as security for each loan. (If a loan is made at a subcommittee level, no interest in the action shall be taken in the name of the subcommittee, but interest, or a portion thereof, shall be taken in the name of the committee, and the amount of such interest shall be determined by the committee.)

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